



POSTAL REGULATORY COMMISSION

[Docket No. MT2011-3; Order No. 998]

Standard Mail Market Test

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recently-filed Postal Service application for an exemption from the annual revenue limitation that applies to market tests of experimental market dominant products. It seeks the exemption for Every Door Direct Mail Retail, a Standard Flats experiment now underway. This document describes the Postal Service's reasons for seeking the exemption, addresses procedural aspects of the filing, and invites public comment.

DATES: Comment deadline: December 5, 2011; reply comment deadline: December 12, 2011.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the FOR FURTHER INFORMATION CONTACT section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, General Counsel, 202-789-6820 or stephen.sharfman@prc.gov.

SUPPLEMENTARY INFORMATION: On November 18, 2011, the Postal Service filed a request, pursuant to 39 U.S.C. 3641, for an exemption from the \$10,000,000 revenue limitation in any year during the test of an experimental market dominant product.¹ Pursuant to 39 U.S.C. 3641, the Commission previously approved the market test.²

EDDM-R is a Standard Mail Flats experimental product. It must meet the preparation requirements of the Simplified Address option for Standard Mail Saturation Mail, be flat-shaped, and weigh less than 3.3 ounces. Neither a permit nor mailing fee is required but it must be entered and paid for at a local Destination Delivery Unit (DDU) and not exceed 5,000 pieces per delivery unit. Request at 1.

¹ Request of the United States Postal Service for Exemption from Revenue Limitation on Market Test of Experimental Product—Every Door Direct Mail Retail, November 18, 2011 (Request). The product was originally named Marketing Mail Made Easy, but was renamed Every Door Direct Mail (EDDM)—Retail. Request at 1.

² Order Approving Market Test of Experimental Product—Marketing Mail Made Easy (Order No. 687), March 1, 2011.

The Postal Service explains that EDDM-R service commenced on March 31, 2011 and since then revenue has grown rapidly to about \$8.5 million. If growth continues, revenue for FY 2012 will reach the \$10 million limitation within 2 or 3 months. Id. at 2.

Pursuant to 39 U.S.C. 3641(e), revenues from a test product may not exceed \$10 million in any year unless, upon written application, the Commission exempts the test from that limit, up to \$50 million in any year subject to an adjustment for inflation under 39 U.S.C. 3641(g). The Commission shall approve the application for exemption if it determines under 39 U.S.C. 3641(e)(2) that the product is likely to benefit the public and meet an expected demand; likely to contribute to the financial stability of the Postal Service; and not likely to result in unfair or otherwise inappropriate competition.

The Postal Service asserts EDDM-R is likely to benefit the public and meet an expected demand. In support, it points to widespread interest in the product, revenues of \$3.4 million this fiscal year, and 87 percent of revenues are from new customers. EDDM-R permits small and medium-sized businesses to communicate at low cost in their marketing areas by mailing without permits or fees and simplifying mail entry. Id. at 3. The Postal Service states EDDM-R revenue has been about \$8.5 million and contribution to date has been approximately \$4.9 million which contributes to financial stability. Id. at 4. The Postal Service also states EDDM-R is unlikely to result in unfair or inappropriate competition. All customers, including Mail Service Providers (MSPs) are eligible to participate in the program. Id. EDDM-R does not eliminate or increase the cost to small or medium-sized businesses that use or may use MSP services. Non-mail options for advertising have remained competitive. Rather than a substitute for other media, EDDM-R enhances businesses' ability to use mail as a part of an integrated marketing plan. Id. at 5.

The Commission will receive comments on the Postal Service's Request. Interested persons may submit comments on whether the Postal Service's Request is consistent with the policies of 39 U.S.C. 3641(e)(2) and (g). Comments are due not later than December 5, 2011. Reply comments are due not later than December 12, 2011. The filing can be accessed via the Commission's Web Site (<http://www.prc.gov>).

The Commission has previously appointed Larry Fenster to serve as Public Representative in this docket.

It is ordered:

1. The Commission will receive comments on the Request in this Docket No. MT2011-3 for consideration of the matters raised by the Request.

2. Pursuant to 39 U.S.C. 505, Larry Fenster remains appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments by interested persons are due no later than December 5, 2011.

4. Reply comments are due no later than December 12, 2011.

5. The Secretary shall arrange for publication of this order in the Federal Register.

By the Commission.

Ruth Ann Abrams,

Acting Secretary.